GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1713
ANSWERED ON:01.08.2003
OBU OF SBI
AMBATI BRAHMANAIAH

Will the Minister of FINANCE be pleased to state:

(a) whether State Bank of India propose to provide cheaper loans to exporterslocated in the SEZs through the banks offshore units located in the SEZ;

(b) if so, whether Overseas Banking Units (OBUs) do not come within the purview of RBIs credit guidelines;

(c) whether the SBIs OBU will also provide other services at globally competitive rates to SEZs; and

(d) if so, the details of such services which SBI propose to provide at SEZs ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO V. ADSUL)

(a): In terms of the Reserve Bank of India guidelines, Off- shore Banking Units(OBUs) would be treated on the same footing as a foreign branch of the bank by State Bank of India (SBI).As the OBUs would be in a position to raise fundsfrom the international market at globally competitive rates, the foreign currency funds requirement of the customers can be met at competitive rates which would benefit the exporters.

(b): OBUs have to follow RBI`s guidelines and all prudential norms applicable to overseas branches of Indian banks.

(c)&(d): SBI will provide all eligible services to the customers of units located in SEZs of OBUs at competitive rates. The services would inter-alia include foreign currency loans, customized hedging assistance for interest and exchange risks, investment activities , deposit products for Non Resident Indians (NRIs) and eligible residents etc.